



THIRTY SECOND

*Annual
Report*

HUDSON BAY MINING AND SMELTING CO., LIMITED

Table of Contents

Properties	TWO
Officers and Directors	THREE
Highlights	FOUR AND FIVE
Report of Directors	SIX
General Manager's Report Ore treated, Production, Reserves	SEVEN
Exploration and Operating Mines	EIGHT
Mines Under Development	NINE
Concentrator, Cyanide Plant	TEN
Zinc Plant, Cadmium Plant	ELEVEN
Copper Smelter, Fuming Plant	TWELVE
Mechanical, Construction and Electrical Departments	TWELVE
Surface, Transportation and Research Departments	THIRTEEN
H.B. Exploration and Development Co., Ltd. and Churchill River Power Co. Ltd.	THIRTEEN
Transport and Power Companies	FOURTEEN
Health, Water and General	FOURTEEN
Balance Sheet	SIXTEEN
Consolidated Profit and Loss	EIGHTEEN
Auditors' Report	NINETEEN

HUDSON BAY MINING AND SMELTING CO., LIMITED

PROPERTIES :

Flin Flon Mine and Metallurgical Plants.
Schist Lake Mine. Chisel Lake Mine.
Birch Lake Mine. Stall Lake Mine.
Coronation Mine. Ghost Lake Mine.
Osborne Lake Mine.

WHOLLY OWNED SUBSIDIARY COMPANIES :

Churchill River Power Company Limited.
Northern Manitoba Power Company Limited.
Northern Power Limited.
Hudson Bay Exploration and Development Company Limited.
Hudson Bay Air Transport Limited.

MAJORITY CONTROLLED SUBSIDIARY COMPANIES:

Manitoba Chromium Limited.
Flexar Mines Limited.
Hudson-Yukon Mining Co., Limited.

HUDSON BAY MINING AND SMELTING CO., LIMITED

Incorporated under The Companies Act, Canada, December 27, 1927

HEAD OFFICE	500 ROYAL BANK BLDG., WINNIPEG, MANITOBA
MINE OFFICE	FLIN FLON, MANITOBA
PRESIDENT, SECRETARY, AND TREASURER'S OFFICE	247 PARK AVE., NEW YORK 17
CAPITAL	AUTHORIZED.....3,000,000 Shares of no par value ISSUED AND OUTSTANDING.....2,757,973 Shares of no par value
OFFICERS	C. V. WHITNEY.....Chairman of the Board and President W. A. GREEN.....Executive Vice-President GEORGE M. FRANCIS.....Vice-President J. F. McCARTHY.....Secretary and Treasurer A. R. BLAKE.....Assistant Secretary and Assistant Treasurer E. A. RUMMERY.....Assistant Secretary and Assistant Treasurer E. G. STOLTZ.....Assistant Secretary and Assistant Treasurer
DIRECTORS	CHARLES F. AYER GEORGE M. FRANCIS W. A. GREEN LUKE B. LOCKWOOD J. F. McCARTHY H. C. F. MOCKRIDGE, Q.C. NORMAN C. URQUHART, C.B.E. C. V. WHITNEY HARRY P. WHITNEY
TRANSFER AGENTS	MORGAN GUARANTY TRUST COMPANY OF NEW YORK.....140 Broadway, New York 15 THE ROYAL TRUST COMPANY.....105 St. James Street West, Montreal, Quebec THE ROYAL TRUST COMPANY....66 King Street West, Toronto 1, Ontario THE ROYAL TRUST COMPANY.....436 Main Street, Winnipeg, Manitoba
REGISTRARS	THE CHASE MANHATTAN BANK.....18 Pine Street, New York 5 MONTREAL TRUST COMPANY.....511 Place d'Armes, Montreal, Quebec CROWN TRUST COMPANY.....302 Bay Street, Toronto 1, Ontario CROWN TRUST COMPANY.....364 Main Street, Winnipeg, Manitoba
AUDITORS	DELOTTE, PLENDER, HASKINS & SELLS.....Winnipeg PEAT, MARWICK, MITCHELL & CO.....New York

ANNUAL MEETING OF SHAREHOLDERS

April 29, 1960, 2 p.m. (E.D.T.)
Royal York Hotel, Toronto, Canada

A request for proxies will be mailed to all
shareholders on or about April 1, 1960.

1
9
5
9
.....
H
I
G
H
L
I
G
H
T
S



with comparative figures for 1958...

MATERIALS TREATED

	1959	1958
Tons of ore milled	1,671,089	1,669,614
Tons direct smelting ore treated	9,677	5,035
Tons zinc plant residue treated	95,954	106,064
Tons smelter stack dust recovered and treated	10,887	13,106

METALS PRODUCED FOR SALE

Slab zinc	125,163,255 lbs.	119,697,591 lbs.
Metallic cadmium	322,792 lbs.	342,587 lbs.
Refined copper	87,802,426 lbs.	90,909,908 lbs.
Selenium	100,700 lbs.	104,000 lbs.
Gold	100,287 ozs.	105,208 ozs.
Silver	1,538,038 ozs.	1,593,329 ozs.

FINANCIAL RESULTS

Gross value of metal sales	\$45,943,750	\$40,783,450
Profit for the year	9,904,613	7,392,888
Profit per share	\$3.59	\$2.68
Dividends paid per share	\$3.00	\$3.00

METAL PRICES

Average price received per pound of copper	29.808¢	25.327¢
Average price received per pound of zinc	11.414¢	10.142¢

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

A detailed report by the General Manager of your Company and audited financial statements for 1959 are submitted herewith.

Improved metal prices resulted in increased earnings which were more than sufficient to cover dividends.

Ore production schedules are expected to remain at approximately the same rate during the coming year, but with a lower tonnage coming from the main mine at Flin Flon, and a higher proportion coming from outlying properties. The Coronation Mine in the Province of Saskatchewan will come into production during the first part of the year upon the finish of mining at Birch Lake. The Chisel Lake Mine in the Snow Lake area of the Province of Manitoba is expected to commence operations during the latter part of the year.

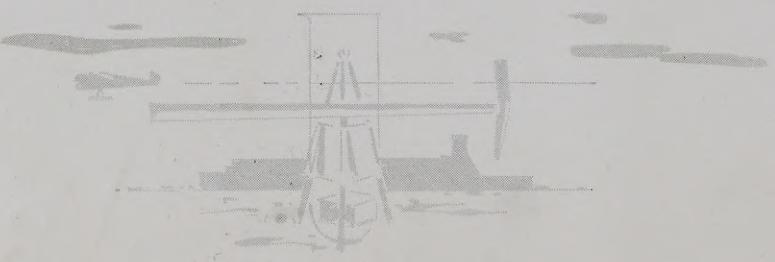
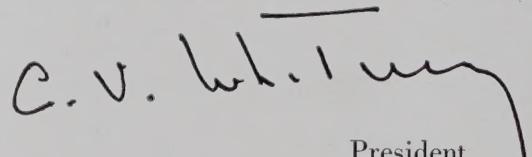
Underground development and exploration work in the Chisel Lake Mine have confirmed the tonnage and grade of ore reserves which were indicated by surface diamond drilling to the 850-foot level. This work will be continued during this year.

Lateral development and exploration diamond drilling in the Stall Lake Mine have extended the orebody from the 1350-foot level to the 1950-foot level, which is at present the deepest level in the mine. The copper grade of this new ore is higher than the average mine grade, and so gives promise for further exploration at depth.

Our exploration company will continue the search for new properties on about the same scale as it has in recent years.

Appreciation is again extended to the Staff and all the Company employees for their accomplishments of the past year, and for their continued loyalty and co-operation.

For the Directors,


C. V. W. T. 
President.

HUDSON BAY MINING AND SMELTING CO., LIMITED

GENERAL MANAGER'S REPORT

January 14, 1960.

MR. C. V. WHITNEY, *President*,
Hudson Bay Mining and Smelting Co., Limited.

The following report covers operations of Hudson Bay Mining and Smelting Co., Limited for the year 1959.

General items are as follows:

ORE TREATED

The mill treated 1,671,089 tons of ore, an increase of 1,475 tons over the previous year. Of the above 86.7 per cent came from the Flin Flon Mine, 7.4 per cent from the Birch Lake Mine, and 5.9 per cent from the Schist Lake Mine.

In addition, 7,488 tons of Birch Lake ore and 2,189 tons of ore from the Flin Flon Mine were delivered to the copper smelter for direct smelting.

PRODUCTION

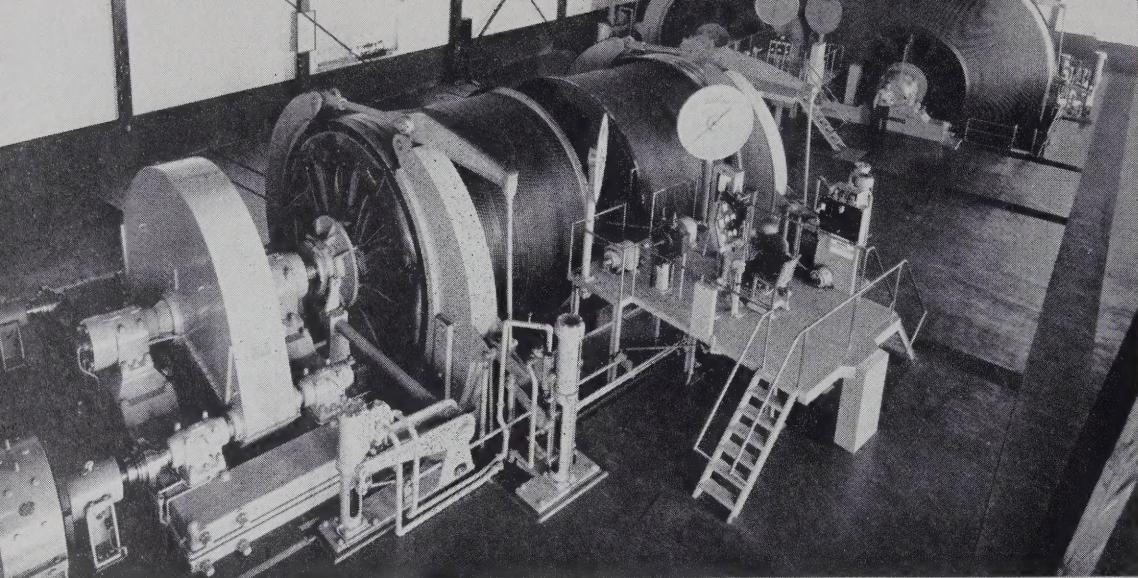
Refined metal production for the year is shown below, with comparative figures for 1958.

	1959	1958
Slab zinc — lbs.	125,163,255	119,697,591
Refined copper — lbs.	87,802,426	90,909,908
Cadmium — lbs.	322,792	342,587
Selenium — lbs.	100,700	104,000
Gold — ozs.	100,287	105,208
Silver — ozs.	1,538,038	1,593,329

ORE RESERVES

Ore reserves as of December 31st, 1959, totalled 17,457,600 tons with the following average assay: Au, .061 oz. per ton; Ag, 0.99 oz. per ton; Cu, 2.65%; and Zn, 5.0%. Comparative figures for the past two years are shown below:

	At or Near Flin Flon		Near Snow Lake	
	1959	1958	1959	1958
Ore Reserves — tons	11,842,100	12,926,500	5,615,500	5,319,000
Au — oz. per ton	0.066	0.066	0.051	0.051
Ag — ozs. per ton	0.93	0.94	1.13	1.51
Cu — %	3.12	3.16	1.68	1.37
Zn — %	3.4	3.5	8.5	8.7
Pb — %	—	—	0.5	0.7



**South Main Shaft
Hoist Room
and Equipment**

EXPLORATION

Active exploration was carried on in Manitoba, Saskatchewan, and Quebec. No orebodies of economic significance were discovered.

More detailed information on the year's operation is as follows:

OPERATING MINES

Ore mined and hoisted from underground during 1959 was as follows:

Mine	Tons	Average Assays			
		Au-oz./ton	Ag-oz./ton	Cu-%	Zn-%
FLIN FLON MINE	1,453,559	0.067	1.01	2.57	4.3
BIRCH LAKE MINE	132,032	0.002	0.12	5.84	—
SCHIST LAKE MINE	98,108	0.055	1.10	3.41	9.7

Fill, development and exploration diamond drilling at the operating mines during 1959 were as shown below:

Mine	Fill Cubic Yards	Development Feet	Exploration	
			Diamond Feet	Drilling
FLIN FLON MINE	689,796	13,842	—	—
BIRCH LAKE MINE	—	378	—	—
SCHIST LAKE MINE	1,000	3,165	7,510	—

MINES UNDER DEVELOPMENT

CORONATION MINE (Saskatchewan)

Development work at the Company's Coronation Mine, located thirteen and one-half miles southwest of Flin Flon, amounted to 8,726 feet. Practically all of this work was for purposes of stope development.

Exploration diamond drilling at this mine amounted to 1,740 feet for the year.

CHISEL LAKE MINE (Manitoba)

At the Chisel Lake Mine, located five miles southwest of Snow Lake, underground development work amounted to 9,990 feet. Most of this footage resulted from the driving of the main haulages on the 250, 450, 650, 850 and 1050 levels.

Stope development at this mine was started.

Enlargement of the production shaft was partially completed, and the hoist, headframe and ore bins for this shaft were installed.

Diamond drilling for purposes of exploration during the year amounted to 13,591 feet.

STALL LAKE MINE (Manitoba)

Development work, amounting to 3,058 feet, was carried out at the Company's Stall Lake Mine, located four miles southeast of the Snow Lake townsite.

The shaft was deepened 488 feet to a point 2,073 feet below the surface.

Stations were cut on the 1650, 1800 and 1950 levels and loading pockets were installed on the 1050, 1350, 1650 and 1950 levels.

Driving of the main haulages on the 1350, 1650 and 1950 levels was started.

Diamond drilling for exploration purposes at this mine amounted to 7,454 feet.

OTHER PROPERTIES

The following properties were inactive during the year and their positions remain essentially unchanged from last year:

Manitoba Chromium Limited, Osborne Lake Mine, and Ghost Lake Mine in Manitoba; Flexar Mines Limited in Saskatchewan; and Hudson-Yukon Mining Co., Limited in Yukon Territory.

CONCENTRATOR

The tonnage of ore treated in the concentrator during the year and the average assays of the ore treated are shown in the table below. Figures for the previous year are included for comparative purposes.

	1959	1958
Tons of ore treated	1,671,089	1,669,614
Average tons per day	4,578	4,574
Au — oz. per ton	0.061	0.060
Ag — oz. per ton	0.95	0.93
Cu — %	2.83	2.98
Zn — %	4.3	3.9

The following concentrates were produced during the year:

	Tons	Assays			
		Au-oz./ton	Ag-oz./ton	Cu-%	Zn-%
Copper Concentrates	325,989	0.231	3.48	13.53	4.2
Zinc Concentrates	110,709	0.045	1.26	1.05	45.1

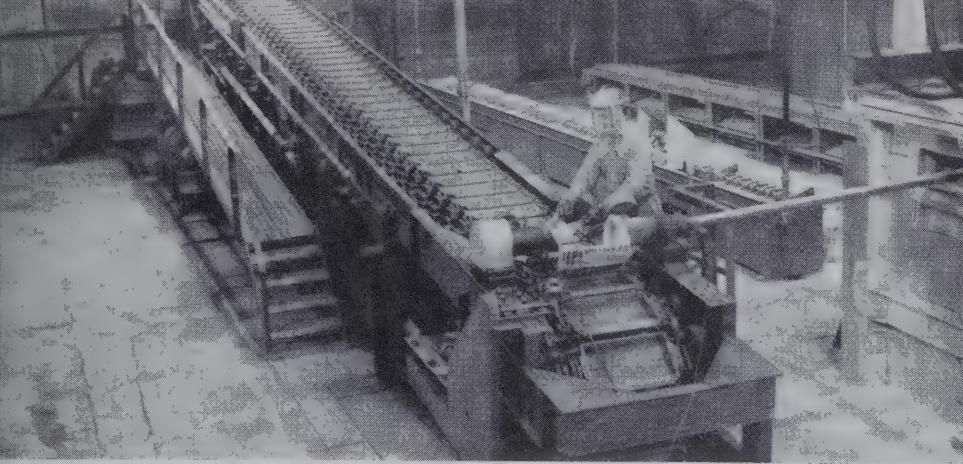
CYANIDE PLANT

The cyanide plant treated 1,077,646 tons of flotation tailings assaying 0.018 oz. per ton gold, and 0.25 oz. per ton silver.

There were recovered during treatment a zinc dust precipitate product containing 6,671 ounces of gold, 79,935 ounces of silver, 44,986 pounds of copper, and 15,364 pounds of zinc; and a sludge product containing 369,438 pounds of copper and 282,083 pounds of zinc. The precipitates were delivered to the copper converters, while the sludge was returned to the copper concentrate thickener.

During the year there were produced and stockpiled 1,233,247 tons of mill tailings with a high sulphur and iron content. The total tonnage and approximate assays of the tailings stockpiled to date in the disposal area are as follows:

Tons Stockpiled	Assays				
	Au-oz./ton	Ag-oz./ton	Cu-%	Zn-%	S-%
36,264,026	0.020	0.34	0.20	0.83	26.4



Mechanical Slab Zinc Casting Machine

ZINC PLANT

The tonnage and assay values of the zinc concentrates and oxide fume treated during the year are shown below:

	Tons Treated	Assays			
		Au-oz./ton	Ag-oz./ton	Cu-%	Zn-%
Concentrates	110,881	0.045	1.26	1.05	45.1
Fume and Stack Dust	54,302	0.009	0.70	0.57	64.1

The tonnage of oxide fume treated was slightly lower than during the previous year but the tonnage of zinc concentrates treated was appreciably higher. As a result the slab production, 125,163,255 pounds, was also higher.

There were produced during the year 46,004 tons of zinc plant residue, of which 45,234 tons were delivered for treatment in the smelter fuming plant and the balance sent to stockpile. In addition 18,228 tons of oxide residue were produced and stockpiled throughout the year.

Tonnage of residues in stock as of December 31st, 1959, as well as the average assays for these materials, are shown below:

	Tons	Assays			
		Au-oz./ton	Ag-oz./ton	Cu-%	Zn-%
Zinc Plant Residue	524,955	0.142	3.82	1.04	26.6
Oxide Residue	102,513	0.075	2.80	1.04	18.1

A mechanical slab casting machine for the automatic casting of slab zinc was installed during the month of September and resulted in a saving in labour. An electromagnetic pump, developed by the research department of the Company, was used to deliver molten zinc to the new machine.

CADMUM PLANT

Production of metallic cadmium was lower than during the previous year, while the purity of the product remained essentially the same.

	1959	1958
Cadmium production — lbs.	322,792	342,587
Average purity — %	99.9799	99.9817

COPPER SMELTER

A lower tonnage of copper concentrates and zinc plant residue was treated than during the previous year. However, the tonnage of direct smelting ore treated, 9,677 tons, was higher. The tonnage and average assay values of the products smelted were as follows:

Concentrates, Residues and D.S. Ores	Assays				Tons Custom Material
	Au-oz. per ton	Ag-oz. per ton	Cu-%	Zn-%	
434,890	0.222	3.60	10.89	9.1	28

During the year the Company shipped to the refinery blister copper containing the following metals:

Ozs.-Gold	Ozs.-Silver	Lbs.-Copper	Lbs.-Selenium
101,814	1,553,574	88,248,203	130,588

The bag house for the collection of smelter stack dust operated satisfactorily throughout the year. Dust recovered amounted to 10,887 tons assaying 29.6% Zn, 1.84% Cu, 1.6% Cd and 14.5% Pb. This material, containing 6,443,859 pounds of zinc, was delivered to the zinc plant for treatment.

FUMING PLANT

The tonnage and average assay of the slag charge to the fuming furnaces and the oxide fume produced were as follows:

	Tons	Zn-%
Smelter Slag Charged	438,992	8.1
Oxide Fume Produced	43,415	72.8

The oxide fume containing 63,202,141 pounds of zinc was delivered to the zinc plant for the recovery of zinc as slab zinc.

MECHANICAL AND CONSTRUCTION DEPARTMENTS

Expenditures for new construction were lower than the previous year and totalled \$1,744,000. Much of the new construction was undertaken at the Chisel Lake Mine where the production headframe, hoisthouse, ore bins and powder magazine were erected.

At Flin Flon a rotary tipple was installed for the handling of ore from the Snow Lake area. A track scale for the weighing of the ore was also installed. In preparation for the treatment of Chisel Lake ore, the flotation section of the concentrator was revised and a new lead concentrate thickener installed.

Throughout the year all plant buildings were well maintained and many improvements made to metallurgical equipment.

ELECTRICAL DEPARTMENT

Plant electrical consumption for the year was 520,138,000 kilowatt hours, the highest since the start of operations. The system operated throughout the year with only three momentary power interruptions.

Installation of all surface electrical equipment at Chisel and Stall Lake Mines was completed during the year. Underground electrical installations at these mines have kept pace with development.

HUDSON BAY MINING AND SMELTING CO., LIMITED

The Snow Lake townsite electrical distribution system was revised during the year to make 220 volt power available to householders for the first time since the town was established.

All electrical equipment was well maintained and operated satisfactorily throughout the entire year.

SURFACE AND TRANSPORTATION DEPARTMENT

This department carried out its customary task of supplying the mine with backfill, the smelter with flux, and the fuming plant with residue. Other duties included the haulage of ore to Flin Flon from the outlying mines; spotting of incoming freight and coal cars for unloading; assembling of outgoing copper and zinc shipments; and delivering plant operating supplies including winter freight to the Island Falls power plant and community. All roads in the vicinity of the metallurgical plants and to the outlying properties were well maintained.

RESEARCH DEPARTMENT

Laboratory and pilot plant scale work with the treatment metallurgy of Chisel Lake ore proceeded extensively with satisfactory results prevailing. In zinc metallurgy, the oxide leach residue retreatment pilot plant work was discontinued. The electromagnetic pump for molten zinc was placed in successful operation feeding the mechanical casting machine. A scrap iron leach to produce iron sulphate for the oxide leaching plant was operated for five months with improved results as had been anticipated. The analytical laboratories, which were combined in mid 1958, functioned to much better advantage. There was a continuing major effort in co-operating with the operating departments to maintain high standards and to improve plant operations.

HUDSON BAY EXPLORATION AND DEVELOPMENT COMPANY LIMITED

Exploration and development crews were maintained in the provinces of Manitoba, Saskatchewan and Quebec. As in the previous year, emphasis was placed on geophysical work.

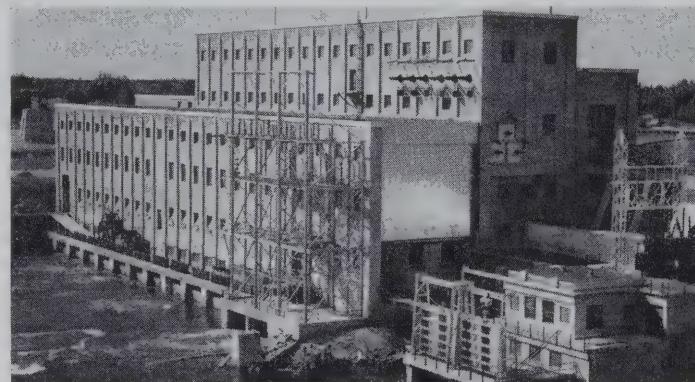
Extensive exploration was carried out in the Snow Lake and Sherridon areas of Manitoba; in the boundary area of Saskatchewan approximately 35 miles northwest of Flin Flon; and in the Laflamme River area of Quebec.

Eighteen properties owned by other interests were examined during the year. Options were secured on three properties and were dropped on five others, leaving four options in good standing at the end of the year.

A total of 2,503 mineral claims were staked by the Company, and 2,681 claims were dropped during the year. Leases for 54 claims were acquired and transferred to Hudson Bay Mining and Smelting Co., Limited. At the year end, the number of claims held by the Exploration and Development Company totalled 4,874.

During the year airborne electromagnetic surveys were carried out in two areas of Manitoba using the S-55 helicopter owned by Hudson Bay Air Transport Limited.

CHURCHILL RIVER POWER COMPANY LIMITED



The Island Falls hydro-electric power plant, located on the Churchill River, fifty-six air miles northwest of Flin Flon, operated throughout the year with no major interruptions. Power generated amounted to 571,946,200 kilowatt hours.

Installation of a seventh generating unit was completed during the month of June and the new unit was placed in service during the first week of July.

HUDSON BAY MINING AND SMELTING CO., LIMITED

All electrical equipment and transmission lines of the Company were well maintained.

The elevation of water stored in Reindeer Lake was slightly lower than at the end of the previous year. Precipitation for the entire water shed was normal and totalled 18.43 inches.

NORTHERN MANITOBA POWER COMPANY LIMITED

Light and power for the Towns of Flin Flon and Snow Lake in Manitoba were supplied by Northern Manitoba Power Company Limited, a wholly owned subsidiary of Churchill River Power Company Limited. Domestic requirements for the Town of Flin Flon were 10 per cent higher than for the previous year.

NORTHERN POWER LIMITED

The domestic power requirements for the Town of Creighton and the Boundary Area, located on the Saskatchewan side of the provincial boundary, were supplied by Northern Power Limited, a wholly owned subsidiary of Northern Manitoba Power Company Limited. Consumption increased by 16 per cent.

An agreement was reached during the year whereby Northern Power Limited supplied light and power to the residents at Denare Beach, Saskatchewan, approximately 11 miles southwest of Flin Flon, and to the new Royal Canadian Air Force station, located between Flin Flon and Denare Beach.

HUDSON BAY AIR TRANSPORT LIMITED

The aircraft of this Company were in the air 1,928 hours and flew 199,725 miles during the year. The aircraft were chiefly used in conjunction with exploration work carried out by Hudson Bay Exploration and Development Company Limited.

HEALTH AND SAFETY

The general health of the employees continued to be good. Advanced training classes in mine rescue, first aid, and camp sanitation were conducted by the safety department. All new employees were instructed in safety practices. The accident record for the year was favorable.

Excellent service was rendered to all employees and their dependents by the Employees' Health Association.

The Flin Flon Community Club and the Snow Lake Community Club provided a broad recreational program throughout the entire year. Company developed recreational facilities at Phantom Lake were widely used and contributed much to the general health and welfare of the community.

WATER SUPPLY

The rainfall for the year, 14.71 inches, was .20 inches higher than the average for the past five years. The snowfall, 50.9 inches, was also above average.

GENERAL

The master collective bargaining agreement with labor unions affiliated with the Canadian Congress of Labor (A.F. of L.) was renewed on January 16th, 1959 for a period of twenty-seven months. On this date a graduated increase in basic wage rates varying from one to six cents per hour became effective. A further graduated increase of two to seven cents per hour is to become effective on January 16th, 1960.

To alleviate the housing shortage at Snow Lake, the Company contracted for the building of 25 new homes for resale to employees.

During the year a satisfactory agreement was finalized with the Manitoba Government with respect to the Local Government District of Snow Lake.

Rail for the new 52-mile Canadian National Railway line to Chisel Lake has been laid. The branch railroad is now complete except for ballasting, which is to be done during the spring of 1960.

The average number of employees on the Flin Flon payroll remained unchanged at 2,765, with the highest monthly average totalling 2,855.

Relations between labor and management continued in the same spirit of mutual understanding and good will that has existed in the past.

Yours very truly,

E Austin
General Manager.



General View
of Phantom
Lake Beach



Dock and
Diving Tower
at Phantom
Lake Beach

PHANTOM LAKE BEACH

Phantom Lake Beach, located approximately one mile south of the townsite, is a very popular spot for the relaxation of all employees and their families.

The Company-created sand beach extends for some 700 feet along the shore of a small bay on the north end of the lake. A very gradual slope from the shoreline assures safety for the youngsters. Docks, diving boards and slides are provided for all age groups, and lifeguards are on duty to assure a maximum of safety. A locker-equipped changehouse is available for both men and women with check-room facilities managed by a Company pensioner.

Some 6,000 square feet of lawn is maintained, with numerous flower beds creating an attractive appearance.

Tennis courts, picnic tables, open-fire grills, a summer kitchen, tenting grounds, swings and a merry-go-round are available for the pleasure of all.

A comfortable refreshment booth is located on the beach.

HUDSON BAY MINING AND SMELTING CO., LIMITED
 AND
CHURCHILL RIVER POWER COMPANY LIMITED

CONSOLIDATED *Balan*

ASSETS

CURRENT ASSETS:

	1959	1958
Cash	\$ 5,942,216	\$ 5,706,520
Government of Canada securities and accrued interest (market at December 31, 1959 \$16,639,000)	16,573,027	17,082,038
Metals sold under contract	13,012,451	10,297,458
Metals unsold:		
Gold, at estimated market value	832,208	
Other metals, finished and in process, at lower of cost of production or market value	641,421	605,483
Materials and supplies, at average cost	4,162,369	4,113,375
Accounts receivable — sundry	66,950	49,831
Total current assets	40,398,434	38,686,913

**INVESTMENTS IN AND ADVANCES TO SUBSIDIARIES
 NOT CONSOLIDATED**

Investments in capital stock, at equity value	3,132,994	3,119,331
Advances	1,320,150	1,437,852
	4,453,144	4,607,183
Less allowance for losses	1,335,003	1,350,499
	3,118,141	3,256,684

PROPERTY, PLANT AND EQUIPMENT:

Mine and metallurgical plants and equipment, at cost	45,129,677	44,287,625
Power plant, transmission line and equipment, at cost	13,550,990	12,709,239
Payments on equipment contracts	—	449,770
	58,680,667	57,446,634
Mining claims and land, at cost	10,944,622	10,756,898
	69,625,289	68,203,532
Less accumulated depreciation and depletion	47,496,946	45,318,995
	22,128,343	22,884,537

OTHER ASSETS:

Prepaid preparatory mining expense	6,539,910	4,823,793
Deferred charges and sundry assets	1,218,661	838,067
	7,758,571	5,661,860
	\$73,403,489	\$70,489,994

Sheet AS AT DECEMBER 31, 1959

(with 1958 figures for comparison)

LIABILITIES

CURRENT LIABILITIES:

	1959	1958
Accounts payable and accrued liabilities	\$ 1,639,038	\$ 1,598,907
Accrued payroll	488,370	496,472
Income and other taxes payable	2,316,827	1,735,055
 Total current liabilities	 4,444,235	 3,830,434

DEFERRED INCOME TAXES (pertaining to prepaid preparatory mining expense)

	1959	1958
	2,177,000	1,508,000

CAPITAL

CAPITAL STOCK AND EARNED SURPLUS:

Capital stock:		
Authorized, 3,000,000 shares of no par value.		
Issued and outstanding, 2,757,973 shares	30,984,205	30,984,205
Earned surplus	35,798,049	34,167,355
	 66,782,254	 65,151,560

On behalf of the Board of Directors:

W. A. GREEN G. M. FRANCIS
Director Director

\$73,403,489 \$70,489,994

HUDSON BAY MINING AND SMELTING CO., LIMITED
 AND
CHURCHILL RIVER POWER COMPANY LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

Year ended December 31, 1959 (with 1958 figures for comparison)

REVENUE:

	1959	1958
Revenue from metals	\$45,943,750	\$40,783,450
Less freight, refining and selling expenses	6,309,570	5,976,162
	<hr/>	<hr/>
Revenue from sales of power	39,634,180	34,807,288
	321,101	376,227
	<hr/>	<hr/>
	39,955,281	35,183,515

EXPENDITURES:

Mine production costs adjusted for metal inventory values	19,297,065	19,103,162
Preparatory mining expense charged to operations	1,475,651	1,387,361
Ore royalties	1,305,460	773,205
Taxes, other than on income	609,182	590,813
General administrative expenses	377,988	360,182
Salaries to executive officers	123,943	119,898
Counsel fees	9,548	7,648
Directors' fees	12,607	3,893
	<hr/>	<hr/>
	23,211,444	22,346,162
	<hr/>	<hr/>
	16,743,837	12,837,353

DEDUCT:

Depreciation	1,885,743	1,654,572
Depletion	298,427	287,732
Allowance for losses on investment in and advances to subsidiaries for exploration	1,200,000	1,100,000
	<hr/>	<hr/>
	3,384,170	3,042,304
	<hr/>	<hr/>
	13,359,667	9,795,049

OTHER INCOME:

Income from investments	717,862	525,448
Sundry income and gain on disposal of fixed assets	77,084	37,391
	<hr/>	<hr/>
	794,946	562,839

PROFIT BEFORE TAXES ON INCOME

14,154,613

10,357,888

ESTIMATED TAXES ON INCOME

4,250,000

2,965,000

NET PROFIT FOR THE YEAR — transferred to earned surplus

\$ 9,904,613

\$ 7,392,888

STATEMENT OF CONSOLIDATED EARNED SURPLUS

BALANCE BEGINNING OF YEAR	\$34,167,355	\$35,048,386
Add net profit for the year	9,904,613	7,392,888
	<hr/>	<hr/>
Deduct dividends paid — \$3.00 per share	44,071,968	42,441,274
	8,273,919	8,273,919
	<hr/>	<hr/>
BALANCE END OF YEAR	\$35,798,049	\$34,167,355

Auditors Report

To the Shareholders of
Hudson Bay Mining and Smelting Co., Limited.

We have examined the consolidated balance sheet of Hudson Bay Mining and Smelting Co., Limited and its wholly-owned subsidiary, Churchill River Power Company Limited, as at December 31, 1959 and the related statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of affairs of the companies as at December 31, 1959 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

As required under Section 118 of The Companies Act, Canada, we report that the operations of all subsidiaries not consolidated were carried on during the year without profit or loss.

DELOTTE, PLENDER, HASKINS & SELLS
Chartered Accountants, Winnipeg, Canada.
PEAT, MARWICK, MITCHELL & CO.
Accountants and Auditors, New York, N.Y.

March 3, 1960.

